

MEDICAL BOARD OF CALIFORNIA INITIAL STATEMENT OF REASONS

Reduction in Initial License Fee and Renewal Fee to Offset Elimination of Diversion Program

Hearing Date: Friday, April 25, 2008

Subject Matter of Proposed Regulations: Reduction in Initial License Fee and Renewal Fee to Offset Elimination of Diversion Program

Section(s) Affected: Amend Title 16, California Code of Regulations sections 1351.5 and 1352

Specific Purpose

Business and Professions Code Sections 2340 et seq., which authorize the Board's Diversion Program, are inoperative effective July 1, 2008. Section 2435.2 of the B & P Code states that the Board shall reduce license and renewal fees if the Diversion Program is eliminated.

This rulemaking will amend those sections which set forth the initial license fee and the biennial renewal fee.

Factual Basis

In FY 2008-09, the expenditures of the Diversion Program were forecast to be \$1,213,000.

Annually, there are about 53,500 license renewals and 2000 new licenses issued. (Actually, the number of new licenses issued each year is about double that number. However, the vast majority of those new licenses are issued to residents in training and subject to a reduced fee; thus, the figure of 2000 is used.) This totals 55,500 annual licenses.

The Diversion Program will be inoperative July 1, 2008. Therefore, pursuant to the requirements of Section 2435.2 of the Business and Professions Code:

$\$1,213,000 / 55,500 = \21.86 reduction in the fee for the initial license and for renewals
(The Board has elected to round-off this figure to \$22.00)

Section 1351.5 of the Board's governing regulations set the initial license fee at \$805, and Section 1352 sets the biennial renewal fee at \$805.

Both of those fees should be reduced to \$783.00, which represents a reduction of \$22.00 per licensee every two years.

Underlying Data

1) The Medical Board's "Budget Summary" (copy attached, dated 1/18/08), which documents the expiring Diversion Program as -\$1,213,000.

2) The Medical Board's "Workload and Revenue Stats" (copy attached, dated 8/29/07), which documents 2,000 initial licenses annually, and 53,500 annual license renewals.

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Business Impact

This regulation will have minimal impact on business. Only those businesses which employ physicians and surgeons and pay for the initial license or for renewal fees will be impacted; it will be a reduction of \$22.00 per licensee every two years.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No alternative which was considered would either be more effective than or equally as effective as and less burdensome to affected private persons than the proposed regulation.